



**VEIC Review of  
2018-2020 NH Statewide Energy Efficiency Plan  
Draft dated May 31, 2017**

**ENERGY STAR® Products  
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# Characteristics of a Successful Lighting Program

- Promotes quality ENERGY STAR® Certified products
  - Achieves participation of  $\geq 2$  lamps per household annually
  - Supports a wide range of LED lamp types
  - Scales incentives to cost of lamp and savings
  - Stays abreast of and includes lighting innovation
    - ❑ Connectivity
    - ❑ Color Tunable for health
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# Characteristics of a Successful Appliance Program

- Supports product tiers ENERGY STAR (ENERGY STAR Most Efficient, and others)
  - Scales incentive \$\$ to savings
  - Provides broad product offerings, including products that are numerous in homes, but may have low energy savings
  - Includes consumer electronics
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# Characteristics of a Successful HVAC Program

- Overcomes hurdles to participation through upstream program implementation
  - Identifies strategies and tactics to address emergency replacement market - 80/20
  - Provides upstream incentives to influence Distributor stocking and sales practices
  - Provides prompt payment of midstream incentives within  $\leq 30$  days to improve Distributor cash flows
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# Best Practices for Lighting Program Success

- Promote Quality Products
    - ❑ Only support ENERGY STAR Certified Lighting products with NHS Incentives - promote quality
    - ❑ Track shelf space allocated to ENERGY STAR vs non-ENERGY STAR certified LED Lamps
      - Increase support for ENERGY STAR if necessary to displace non-certified lamps
    - ❑ Offer higher incentives for specialty ENERGY STAR LED lighting products, i.e., reflectors, decorative, connected, and color tunable lamps to satisfy all of NH ratepayer's lighting application needs
    - ❑ Transition entirely to lighting markdown programs
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# Best Practices for Appliance Program Success

- Support product tiers ENERGY STAR (and others)
    - Tie incentive \$\$ to savings, incremental cost, and amount necessary to influence consumer purchase decision
  - Broaden product offering to include home electronics and Home Energy Management (HEM)
  - Launch a midstream white goods and electronics promotion using the ENERGY STAR Retail Products Platform
  - Join the ENERGY STAR Retail Products Platform Task Force and Product Selection Committee to influence program development
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# Best Practices for HVAC Program Success

- Move incentives upstream to influence Distributor stocking and sales practices
    - Address emergency replacement dilemma
  - Provide Distributor Administrative Fees
    - Covers Distributor's cost of participation
    - Contributes to Distributor's revenue
  - Provide quick turn around on Distributor incentive and fee reimbursement requests,  $\leq 30$  days
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# Overview of Program Proposed for NH

The program endeavors to:

- Help retailers and consumers distinguish the value associated with purchasing ENERGY STAR goods (p. 75)
  - Expand its retail channel partners, deepen relationships with existing partners, and increase their online presence so that customers can buy direct (p. 75)
  - Identify opportunities to reach more customers through expanded partnerships and further leverage online channels where more customers are choosing to buy products (p. 75)
  - Ensure eligible measures and solutions meet energy savings expectations and stay abreast of market demand (p. 75)
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# Key Aspects of Products Plan VEIC Supports

- Balancing supporting local retailers and NH economy with where consumers shop (online retailers) (p. 75)
  - Staying abreast of energy savings opportunities by evaluating the potential savings and incremental costs of new and existing products in the marketplace (p. 75)
  - Incorporating behavior into consumer purchase decisions - In-school education programs to educate students who will take the knowledge home to share with product purchase decision makers (p. 78)
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## Key Aspects VEIC Does Not Support

- Lighting Instant Rebate Coupons – these should be eliminated, even stores without “point of sale” systems can accommodate Lighting Markdown Programs
  - The current level of projected Lighting Program Participation - participation should be ramped up to  $\geq 2$  lamps per household annually
  - Scaling incentive amounts to incremental cost (only?) – energy savings, and purchase decision influence should also be taken into account
  - Downstream incentives for electric and gas HVAC and DHW products are most effectively applied at the midstream Distributor level of the supply chain
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# Key Drivers in the Draft Plan

- The belief that retailer “point of sale” systems are necessary for a retailer to accommodate a markdown lighting program (p. 76)
  - Maintaining a downstream program implementation model for HVAC and DHW heating appliances (p. 77)
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# VEIC Recommendations

| Recommendations   | Rationale   |
|---|---|
| <p>1. Eliminate Lighting Coupons, transition retail lighting promotions to markdowns.</p> | <ol style="list-style-type: none"><li>1. Coupon lighting sales are self regulating, i.e. difficult to find coupons in store, find writing implement, find place and/or surface on which to complete coupon information, etc.</li><li>2. Retailers without Point of Sale (POS) systems can accommodate lighting markdown promotions.</li><li>3. Monthly lighting sales can be tracked through inventory, eg. <math>\text{Monthly Sales} = (\text{beginning inventory}) + (\text{shipments received}) - (\text{end of month inventory})</math>.</li><li>4. Reimbursement submittal can be made with inventory report and signature attesting to authenticity.</li></ol> |

# VEIC Recommendations

| Suggestions  | Rationale   |
|--|---|
| 1. Move appliance program (white goods and HVAC) implementation to midstream – upstream, to provide incentives to retailers, distributors, and/or manufacturers. | <ul style="list-style-type: none"><li>• Retail incentives may be small compared to product purchase price, and may have a greater impact on a retailers margin and stocking decisions than on consumer purchase decisions.</li><li>• Larger Distributor incentives can be structured to assure their pass through by the installation contractor to the end use customer.</li><li>• Midstream incentives simplify purchase transaction and incentive fulfillment for rate payer/customer.</li><li>• Eliminates rebate submission “breakage” whereby consumers influenced by program do not submit for rebate, and program loses participation credit.</li><li>• Displaces inefficient products from retailer and distributor stock and sales.</li></ul> |

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## Other Comments

- When compared to other jurisdictions VEIC is familiar with:
    - The costs and savings of the NH Saves EERS ENERGY STAR Products sub program fall within an acceptable range.
    - The NH incentive per lighting measure is approximately one half the amount provided by other lighting programs.
      - It would helpful to know more about the basis for establishing the lighting measures incentive.
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## Suggested Improvements for the Draft Document

- “Appliance turn in and recycling events so that rate payers without a second fridge to recycle can participate and benefit.” In this sentence “*can be planned*” should be changed to “*will be planned*” in the Plan document (Program Design, p. 77, third paragraph).

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# For More Information

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